ANNUAL REPORT
1983 — 1984

Health Services Commission
of Prince Edward Island

Health Services Commission of Prince Edward Island

Jones Building
11 Kent Street
Charlottetown
Prince Edward Island
C1A 7P4

ANNUAL REPORT
For the Year Ending
March 31, 1984

April 1, 1984

Honourable Albert A. Fogarty
Minister of Health & Social Services
Province of Prince Edward Island
Charlottetown, P.E.I.

Honourable Minister:

In accordance with Section 8(1) of the Health Services Payment Act, I have the honour to present this report of the Health Services Commission on its operation for the year ended March 31, 1984.

Respectfully Submitted,

Lucille Hogg

MRS. LUCILLE HOGG
Chairman
Health Services Commission of
Prince Edward Island

MEMBERS

Health Services Commission

and

Executive Director

Members	Effective Date of Appointment
Mrs. Lucille Hogg, Chairman Tea Hill	November, 1979
Mr. Bennett Carr, Vice-Chairman West Royalty	November 20, 1980
Dr. R. D. Drysdale Charlottetown	September 10, 1983
Dr. Kent Ellis Hunter River	September 10, 1983
Mr. Jack MacNeill Murray Harbour	November 26, 1981
Mr. Claude Paynter Sherwood	November 26, 1981
Mr. Alden Weeks O'Leary	November 22, 1979

Executive Director

Mr. J. Brendon McGinn

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THE COMMISSION AND COMMITTEES

HEALTH SERVICES COMMISSION

The Health Services Commission of Prince Edward Island is responsible for performing duties assigned to it by the Lieutenant Governor-in-Council in accordance with the Health Services Payment Act and other relevant legislation.

Legislation requires the Commission to:

- operate a health services plan for residents of Prince Edward Island;
- establish a tariff of fees or other systems of payment for health services;
- consult with appropriate professional organizations before establishing or altering any tariff providing for payment in respect of basic health services provided to residents of Prince Edward Island;
- interpret tariffs and determine their application to the assessment of claims, and;
- receive and disburse all moneys pertaining to the Health Service Payment Plan.

APPEAL BOARD

MEMBERS:
Mr. Walter Auld, Chairman
Dr. L. S. Cox
Ms. Ann Gillis
Mr. Justice Gerard Mitchell
Mr. Edison Raynor

The Appeal Board hears appeals from any person who is aggrieved by a decision or order of the Health Services Commission on a claim or any other matter relating to the Administration of the Plan. The decision of the Appeal Board is final.

JOINT PROFESSION-GOVERNMENT COMMITTEE FOR MONITORING OF SELECTIVE OPTED-OUT PHYSICIANS

MEMBERS:
Mr. Bennett Carr
Mrs. Lucille Hogg
Dr. Edward Kassner
Mrs. Doris MacWilliams
Mr. Melvin McQuaid, Chairman
Mr. Peter Rossiter
Dr. Harold P. Stewart

This Committee was established to monitor, analyze and review the incidence of opting out and of charges being billed to patients as a result of negotiations which gave physicians the right to opt out and bill patients for selective services or a series of selective services.

MEDICAL ADVISORY COMMITTEE

MEMBERS: Dr. Ivor Campbell
Dr. G. T. Cottreau
Dr. Lloyd Molyneaux
Dr. Steve O'Brien
Dr. D. C. Steeves

The Medical Advisory Committee is comprised of actively practising physicians. It is responsible for making recommendations on issues and items referred to it by the Commission, including: claims for payment, cases involving a possible overservicing of a patient by a physician or overutilization of basic health services by a resident; medical requirement of services provided by a physician in a specific case; expanding or restricting the plan of basic health services; and new, novel or unusual medical practises or procedures that have been suggested for inclusion under the Plan.

NEGOTIATING COMMITTEE FOR MEDICAL SOCIETY NEGOTIATIONS

MEMBERS: Mr. Bennett Carr
Mr. John Hobbs
Mrs. Lucille Hogg, Chairman
Mr. David MacCormac
Mr. J. Brendon McGinn

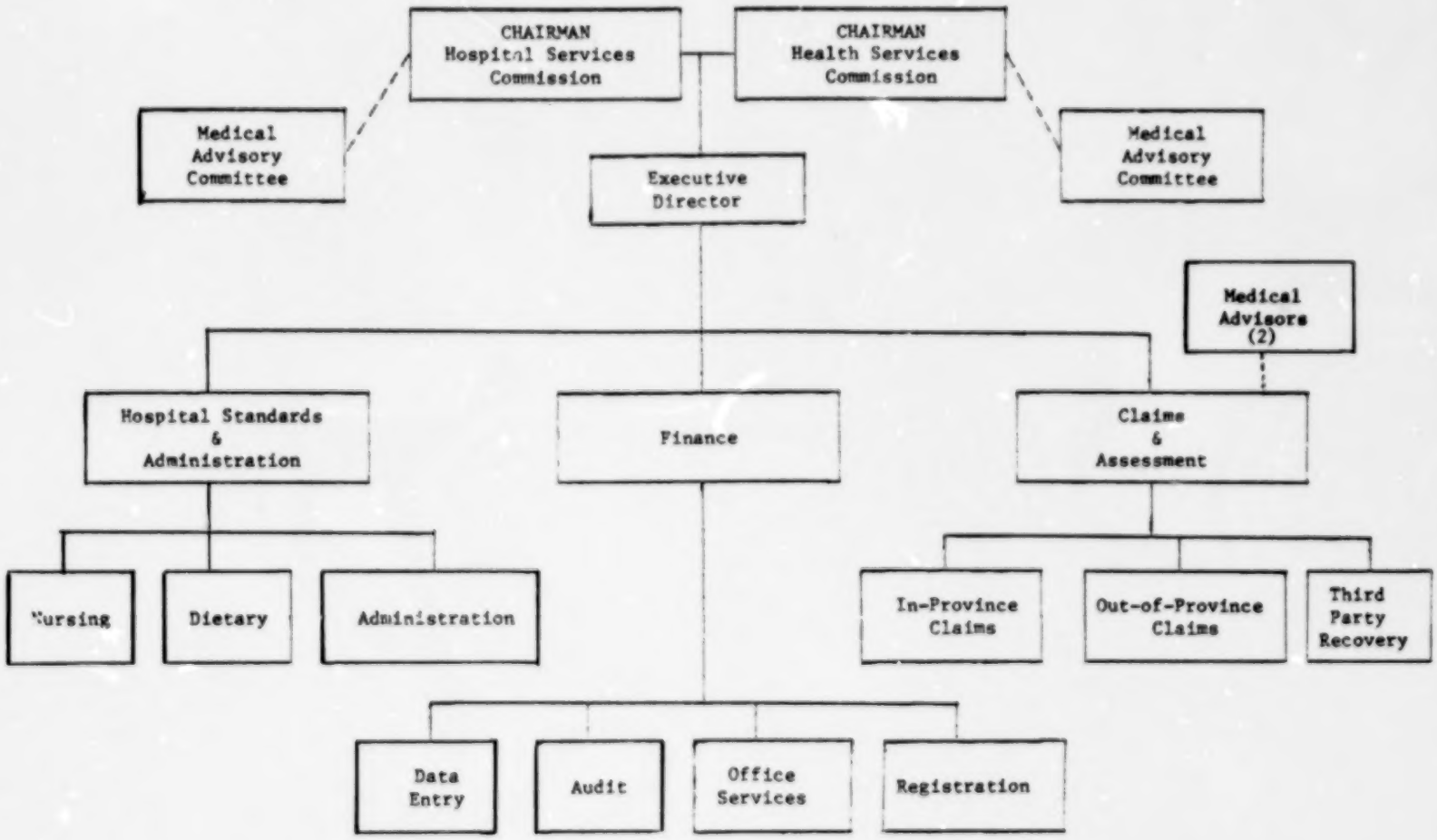
This Committee negotiates the Tariff of Fees with the Medical Society in addition to the items contained in the Preamble to the Tariff of Fees.

HIGHLIGHTS — 1983-84

- Contract negotiated with the Dental Association on the Tariff of Fees as related to Surgical-Dental Procedures — effective April, 1983.
- Commenced second year of two-year contract with the Medical Society. Signed Statement of Understanding.
- Established payment policy for ultrasound — effective September, 1983.
- Revised the Health Services Payment Act to allow the reporting of suspected cases of child abuse to the Director of Child Welfare.
- Revised the Health Services Payment Act to allow individuals on work permits to be eligible for health coverage.
- $14,871,408 paid to physicians in Prince Edward Island during the year.
- Number of claims received from physicians in-province showed a 1.01 percent increase over the previous year.
- Payments to physicians out-of-province totalled $1,247,665.
- There was a total of 152 practitioners who received at least one payment from the Medicare Plan.

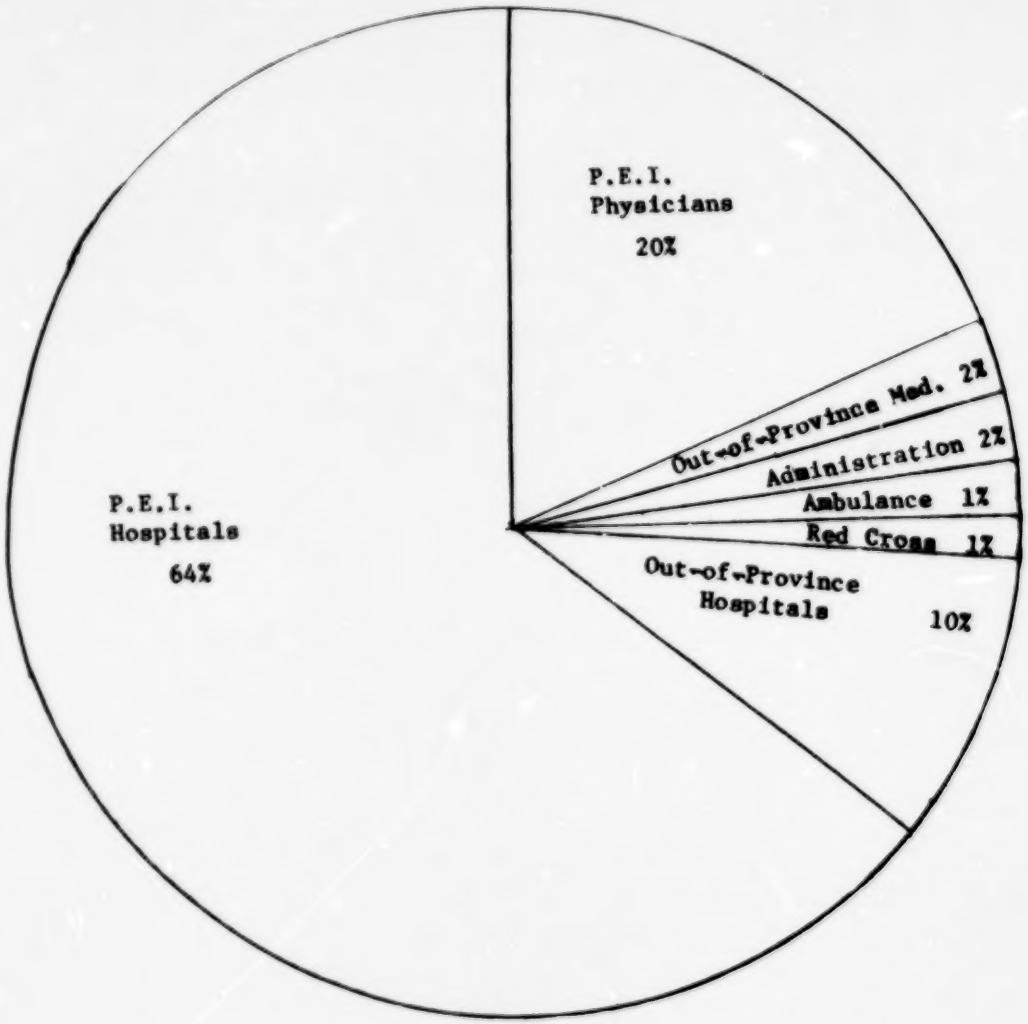
HOSPITAL AND HEALTH SERVICES COMMISSIONS

ORGANIZATIONAL CHART



Distribution of Expenditures of both the
Hospital and Health Services Commissions of P.E.I.

1983-84



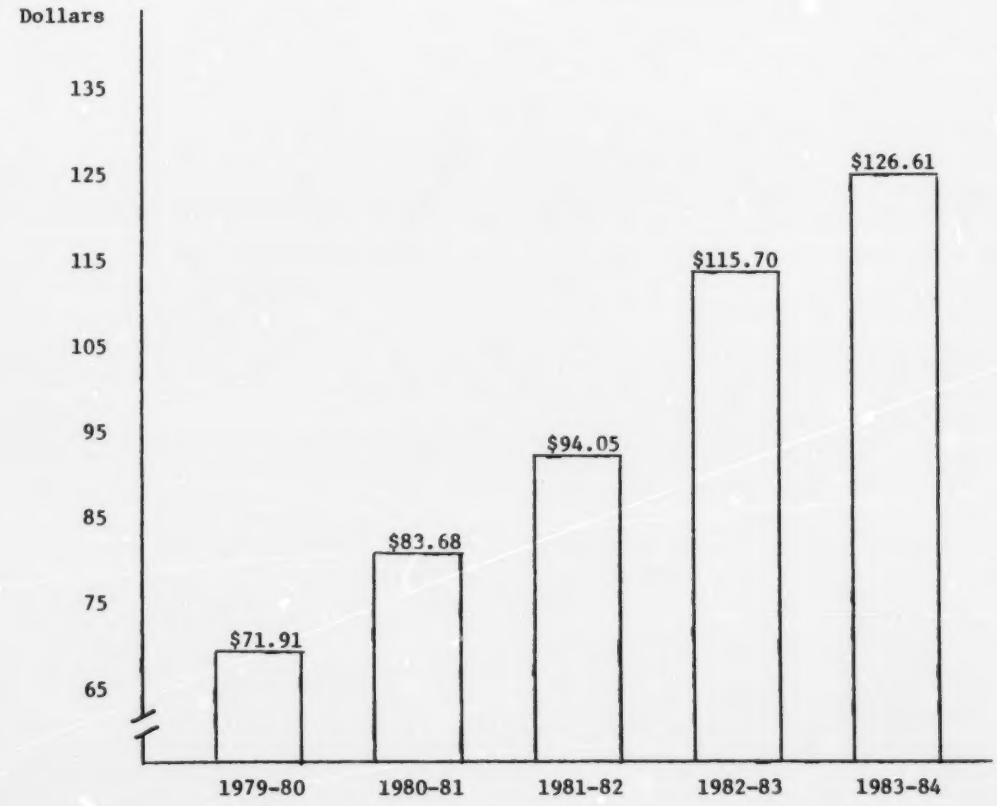
Total Expenditures = $76,887,354

INTRODUCTION

The Health Services Commission is responsible for paying claims submitted by physicians at rates established under the Tariff of Fees. Under the Tariff of Fees, rates are established for each type of treatment or procedure performed by a physician on behalf of a resident of Prince Edward Island. Increases in payments to physicians can therefore result from four factors: an increase in the number of doctors, an increase in the number of times insured residents of Prince Edward Island visit doctors, an increase in the rates paid under the Tariff of Fees, and/or an increase in the number of relatively more expensive treatments or procedures that are provided and performed by physicians.

Per Capita Cost of In-Province Physicians' Services

1979-80 to 1983-84



ADMINISTRATION OF THE PLANS

The Hospital Care Insurance Plan and the Health Insurance Plan form part of the overall health services of the province.

The Hospital and Diagnostic Services Insurance Act provides the legislative authority under which residents of the province are insured against the costs of necessary hospital care and other services in aid of diagnosis.

Under the Health Services Payment Act, provision is made for payment toward the cost of basic health (medical) services for all insured residents of the province.

The cost of both Plans is funded by the Province of Prince Edward Island and the Government of Canada. There are no premiums required under either Plan, and the provincial share is provided through general revenue.

The administration of the Hospital Care Insurance Plan and the Health Insurance Plan is combined. Policy is determined separately by the two Commissions within the terms of reference of their Act.

Day to day administration of the Plans is carried out through a Division of Claims and Assessment, a Division of Standards and Administration, and a Division of Finance, each responsible to the Commission through the Executive Director. Medical care problems relating to the operation of each Plan are considered by its Medical Advisor who may seek advice from its Medical Advisory Committee of five physicians nominated by the Medical Society of Prince Edward Island and appointed by the Commission.

The Medical Advisory Committees meet on an "as required" basis and play an important role in the smooth and efficient administration of the Plans.

DESCRIPTION OF DIVISIONS

Hospital Standards and Administration Division
R. Thelma Cameron, Director

This Division has the responsibility of ensuring through the development and maintenance of reasonable standards, insofar as possible, the effective utilization of services provided by the general hospitals, the licensed ambulance operators, the licensed nursing homes operators, the School of Nursing, and the Central School of Nursing Assistants.

The Division has the following duties:

- To review and analyze the utilization trends
- to conduct such studies as it deems necessary to determine the standards are being maintained.

This is accomplished through the medium of nursing, hospital administration, and dietary consultants.

Claims and Assessment Division
John R. Hobbs, Director

The Division of Claims and Assessment is responsible for processing both physician and hospital claims through a system of claims and assessment rules to ensure that claims submitted are for insured services and are medically necessary.

There are three sections in this Division: In-Province Claims, Out-of-Province Claims, and Third Party Recovery. Their responsibilities include:

- processing all claims for services received in the province
- integrating information from both hospital and physician claims on individual patient history cards
- random audit program to determine from patients whether a service was rendered as claimed by a physician
- processing all claims incurred by residents of Prince Edward Island outside the province
- investigating cases where a third party was the cause of the illness or injury of the patient, and recovering monies where possible
- field investigations regarding eligibility status of Prince Edward Island residents.

Finance Division
David R. MacCormac, Director

The primary function of the Finance Division is to provide management with financial information for use in making policy and operating decisions. Secondarily, it acts as a service centre for hospitals and Divisional Directors on areas where financial advice is requested or required.

Responsibilities of the various sections within the Division of Finance include:

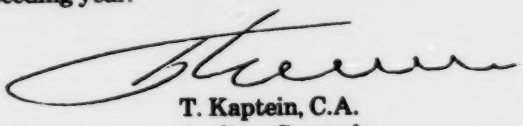
- financial management, planning and control
- financial accounting for the Commissions
- data entry for thirty two computer programs
- batching and processing claims for data control
- general office services including switchboard
- maintenance of the resident registration files
- cash and budget control
- development of internal financial, manual, and computerized systems
- internal audit functions in hospitals.

AUDITOR'S REPORT

To the Commissioners of the Health Services Commission

I have examined the balance sheet of the Health Services Commission of Prince Edward Island as at March 31, 1984 and the statement of financial activities for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Commission as at March 31, 1984 and the results of its operations for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.



T. Kaptein, C.A.
Auditor General

Charlottetown, Prince Edward Island
July 13, 1984

STATEMENT 1

HEALTH SERVICES COMMISSION OF PRINCE EDWARD ISLAND

BALANCE SHEET

MARCH 31, 1984

(with comparative figures at March 31, 1983)

ASSETS

	1984	1983
CURRENT ASSETS		
Cash	$ —	$ 17,797
Accounts Receivable		
— Province of Prince Edward Island - Note 1(b)	2,093,255	1,841,564
— Hospital Services Commission	—	42,806
FIXED ASSETS		
Office furnishings and equipment - Note 1(a)	1	1
	$2,093,256	$1,902,168

LIABILITIES

CURRENT LIABILITIES		
Bank Overdraft	$ 301,620	$ —
Accounts Payable		
— Medical claims outstanding - Note 1(c)	1,722,096	1,902,168
— Hospital Services Commission	69,540	—
	$2,093,256	$1,902,168

(Notes 1 and 2 are an integral part of these financial statements)

ON BEHALF OF THE COMMISSION:

COMMISSIONER: _____

COMMISSIONER: _____

STATEMENT 2

HEALTH SERVICES COMMISSION OF PRINCE EDWARD ISLAND

STATEMENT OF FINANCIAL ACTIVITIES

YEAR ENDED MARCH 31, 1984

(with comparative figures for the year ended March 31, 1983)

	1984	1983
REVENUE		
Provincial Appropriation — Note 2	$17,654,297	$16,112,605
Third party recoveries	23,999	23,893
	17,678,296	16,136,498
EXPENSES		
Medical claims — Province of Prince Edward Island	15,510,035	14,208,029
— Other Provinces	1,270,306	1,087,112
Administration	897,955	841,357
	17,678,296	16,136,498
Net result for the year	$ —	$ —

(Notes 1 and 2 are an integral part of these financial statements)

HEALTH SERVICES COMMISSION OF PRINCE EDWARD ISLAND

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 1984

1. Summary of significant accounting policies:

   a) Depreciation —
   Fixed assets are recorded at a nominal value of one dollar; therefore, no depreciation is charged.

   b) The account receivable from the Province of Prince Edward Island is directly related to the accounts payable for medical claims and the bank account. As the liability is realized the Province transfers the necessary funds for payment.

   c) Claims outstanding are determined on the basis of actual payments after March 31 year end and on prior years' experience.

	March 31, 1984	March 31, 1983
Accounts Payable		
In-Province Physicians and Patients	$1,493,710	$1,441,684
March 31, 1983 Physicians' Paylist	—	254,275
In-Province Radiologists	47,818	56,496
In-Province salaried Physicians	2,400	2,400
Out-of-Province Physicians and Patients	178,168	147,313
	$1,722,096	$1,902,168

2. Provincial Appropriation

	1984	1983
Original Appropriation	$16,976,600	$15,866,400
Additional Appropriation	677,697	246,205
Total Provincial Appropriation	$17,654,297	$16,112,605

STATISTICAL SECTION

Introduction

All physicians in the province are participating in the Health Services Payment Plan and are paid according to an agreed Tariff of Fees.

The following charts and tables display some of the major situations and trends in health payments.

Physicians Practising in Prince Edward Island

as of March 31, 1984

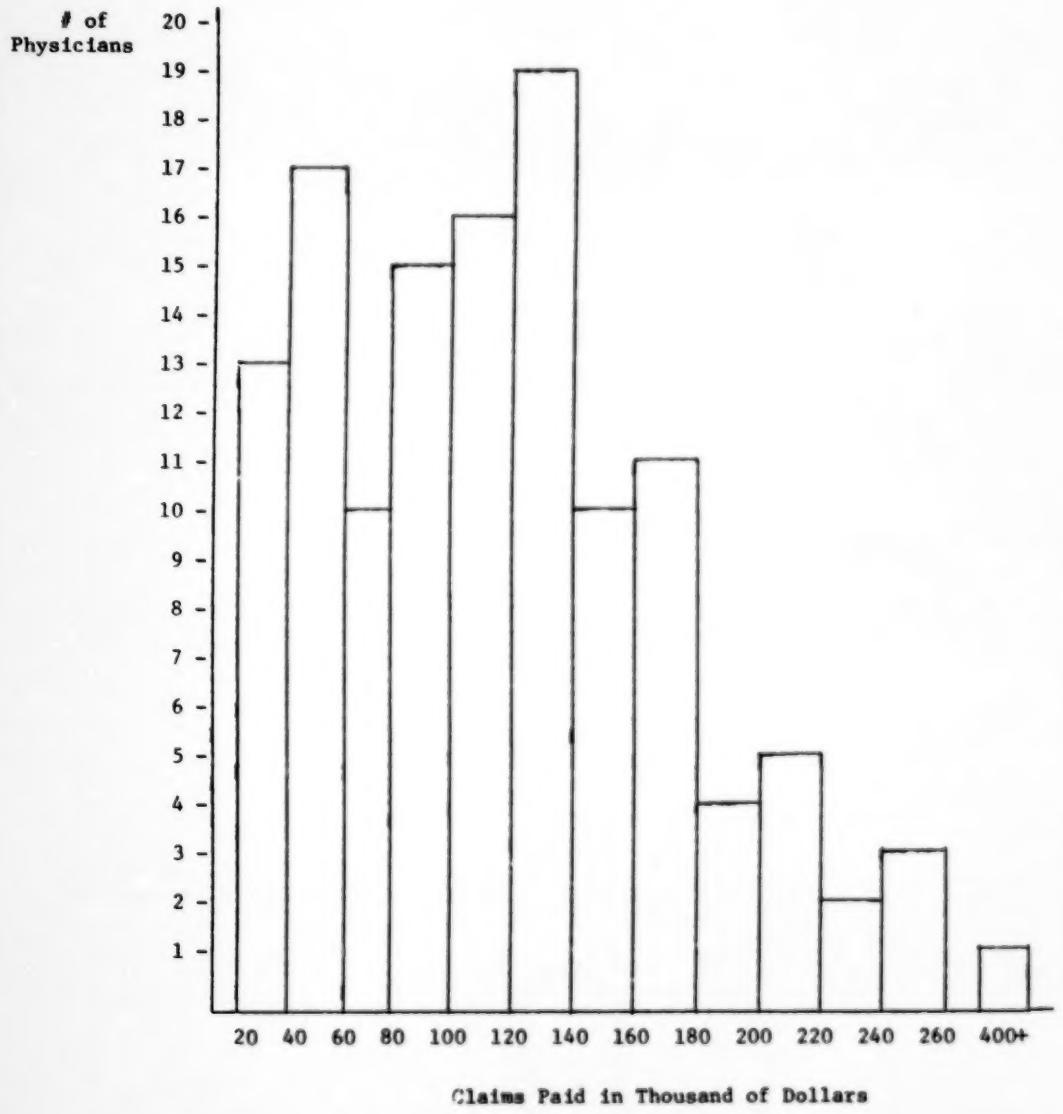
General Practitioners		76
Specialists:		
Surgeons	10	
Obstetricians & Gynecologists	6	
Internal Medicine	11	
Ear, Nose and Throat	4	
Orthopaedic Surgery	3	
Opthalmologists	2	
Paediatricians	2	
Urology	1	
Other	11	
Total Specialists		50
TOTAL PHYSICIANS		126*

The most recent information available on a national basis on number of physicians is for 1982. In that year, Prince Edward Island reported 1,342 people for every general practitioner compared to 1,218 for Canada, and 2,093 people for each specialist compared to 1,257 for Canada.

*Included in this table are only those physicians who were paid $20,000 or over by the Plan.

Fee-for-Service Payments Made to Physicians

1983-84



Source: Table 1

TABLE I

Fee For Service Payments

1983-84

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Payment	Specialists	General Practice	Total
$470-$480	1	0	1
$250-$260	3	0	3
$240-$250	0	0	0
$230-$240	1	0	1
$220-$230	1	0	1
$210-$220	0	1	1
$200-$210	3	1	4
$190-$200	3	0	3
$180-$190	0	1	1
$170-$180	4	2	6
$160-$170	3	2	5
$150-$160	2	2	4
$140-$150	4	2	6
$130-$140	3	5	8
$120-$130	3	8	11
$110-$120	4	5	9
$100-$110	0	7	7
$ 90-$100	2	6	8
$ 80-$ 90	1	6	7
$ 70-$ 80	2	3	5
$ 60-$ 70	1	4	5
$ 50-$ 60	2	10	12
$ 40-$ 50	0	5	5
$ 30-$ 40	3	4	7
$ 20-$ 30	4	2	6
TOTAL	50	76	126

NOTE: Designated as Specialists are those included in the list of Specialists at the Medical Council; and others known to confine their practice to a particular specialty.

Claims Processing Results

1983-84

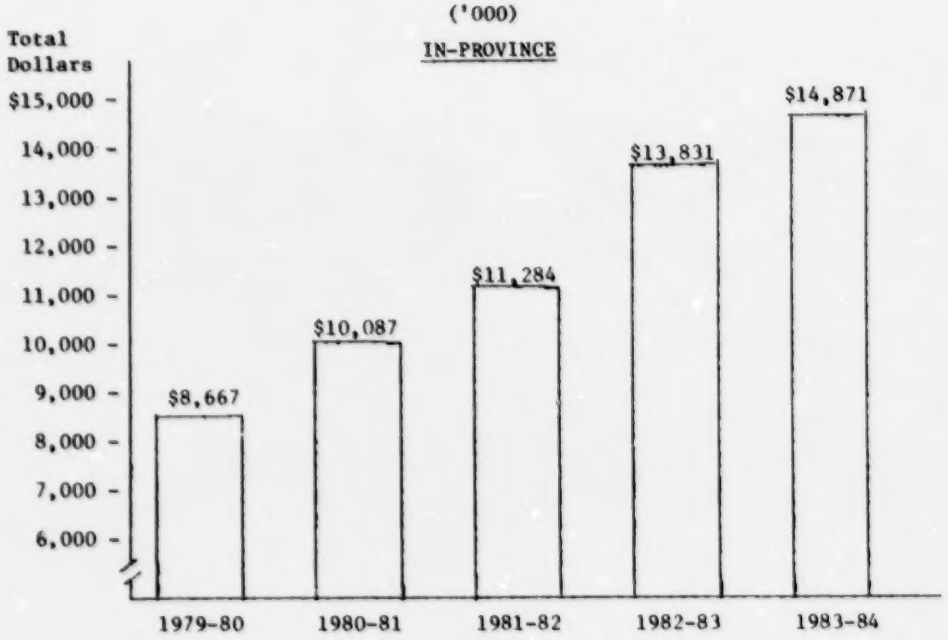
CLAIMS (In-Province)	
Number received from Physicians	620,766
Percentage Increase over Previous Year	2.83%
Value of Rejected Claims	$195,438
CLAIMS (Out-of-Province)	
Number of Claims Paid	14,104
Percentage Increase over Previous Year	8.8%
RECOVERIES FROM THIRD PARTIES	
Files Opened	642
Percentage Decrease over Previous Year	34%
Non-Payment Settlement	416
Non-Vehicular Accidents	22
Workers' Compensation Claims	6
Recovered	125
Pending at Year End	73
PATIENT REGISTRATION	
New Registration	4,043

Total Amount Paid by Fee for Service

1979 - 1984

('000)

IN-PROVINCE



OUT-OF-PROVINCE

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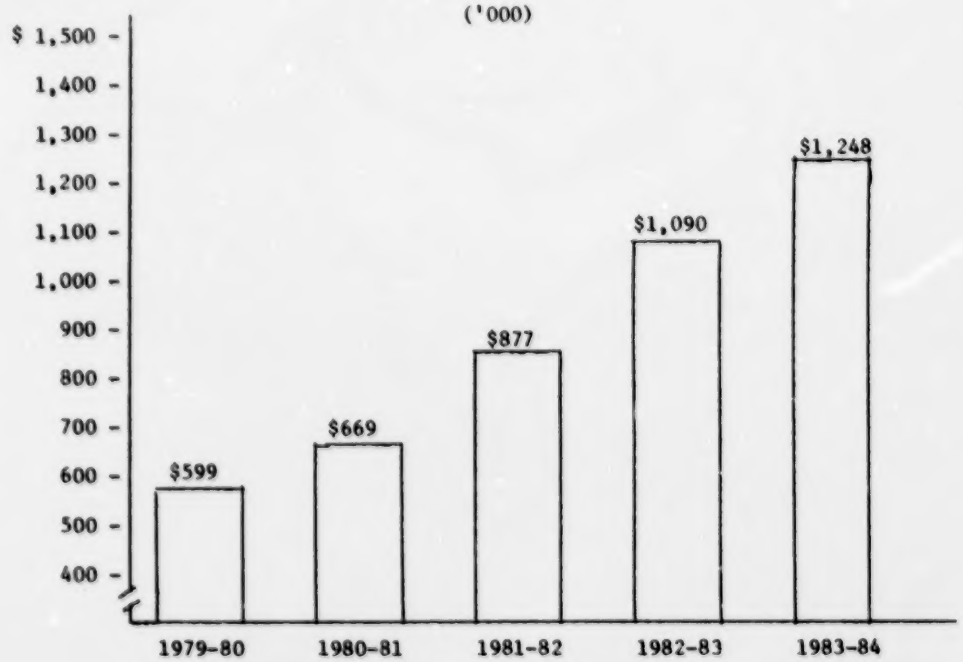
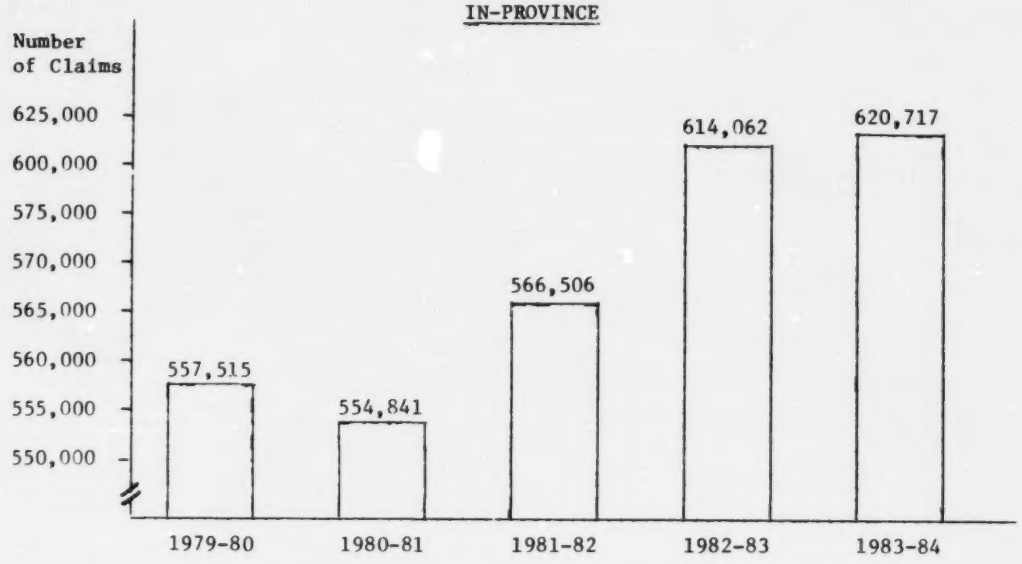


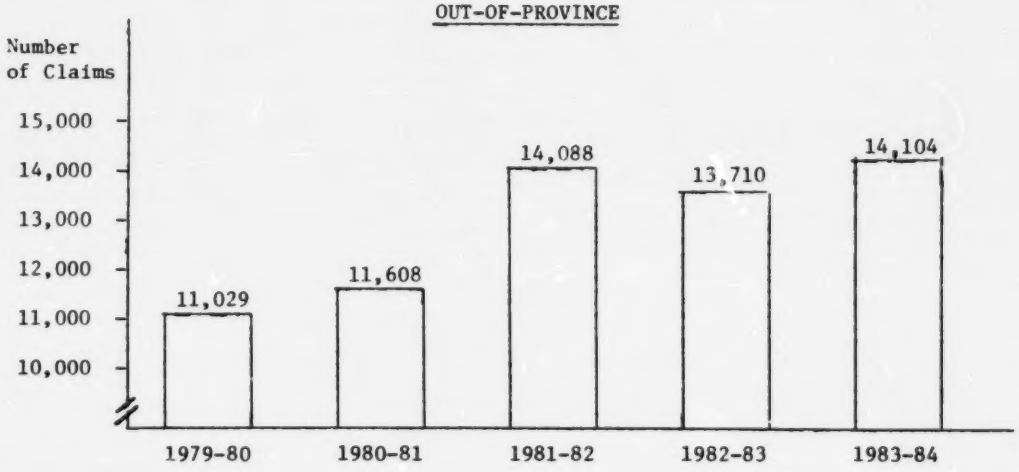
Number of Claims Paid By Fee for Service

1979 - 1984

IN-PROVINCE



OUT-OF-PROVINCE



Average Amount Paid Per Physician's Claim

1979 - 1984

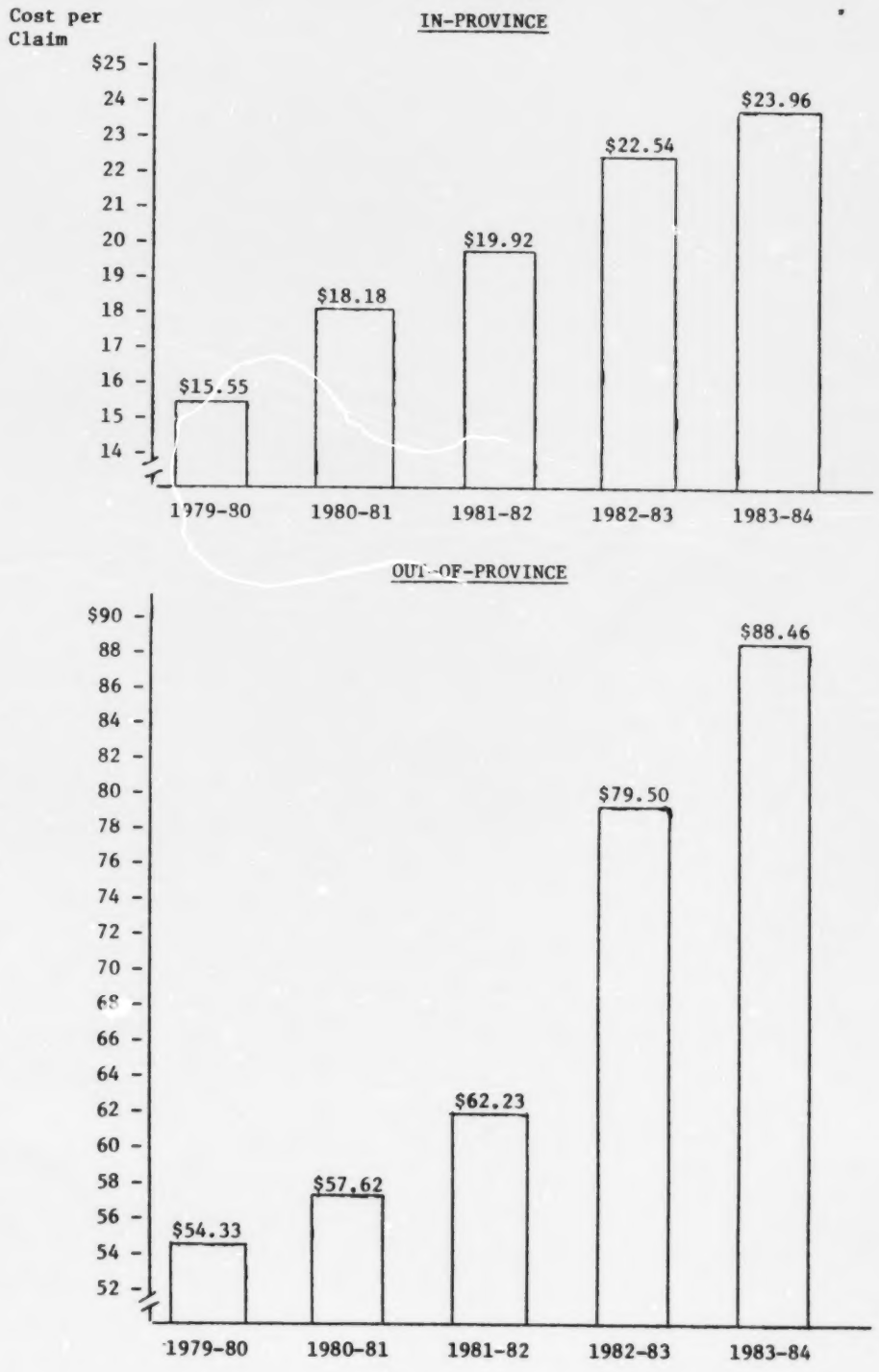


TABLE II

Claims Paid — Fee For Service: Monthly Value of Claims Incurred

1983-84

Month of Payment	IN-PROVINCE No. Claims	Amount	Cost Per Claim	OUT-OF-PROVINCE No. Claims	Amount	Cost Per Claim
1983 — April	44,469	$1,084,302	$24.38	740	$ 61,125	$82.60
May	45,327	1,097,483	24.21	1,588	122,300	78.79
June	67,295	1,596,846	23.73	1,227	124,883	86.73
July	47,523	1,124,825	23.67	916	87,570	88.54
August	45,523	1,064,254	23.38	834	88,431	91.29
September	58,384	1,491,905	25.55	1,306	100,511	88.46
October	45,847	1,086,733	23.70	985	93,633	89.32
November	46,619	1,084,959	23.27	1,465	114,142	87.47
December	53,396	1,307,352	24.48	1,243	130,896	89.62
1984 — January	48,920	1,135,439	23.21	1,056	107,796	90.78
February	50,339	1,235,326	24.54	1,269	96,039	89.26
March	67,124	1,561,984	23.27	1,475	120,339	81.59
Total For The Year	620,717	$14,871,408	$23.95	14,104	$1,247,665	$88.46

*Excludes Radiology Payments